March 2022

Ninety One

Emerging Market Debt Indicator

The fast view

Market background

It was a volatile month given a combination of ongoing uncertainty around the war in Ukraine and expectations of tighter monetary policy. Hawkish rhetoric from the US Federal Reserve as it hiked rates led to a sell-off in US Treasuries, with a similar theme seen in other markets.

Africa

Egypt's policymakers took steps to mitigate the impact of rising wheat prices and the central bank allowed the currency to move 10% higher, hiked rates and announced it intends to move onto a new IMF programme. Political noise continued in Tunisia but progress towards an IMF program continues.

Asia

Ongoing strength in commodity prices is having a divergent impact on economies across the region and differences in monetary policy direction reflect this, with India, Thailand and Indonesia seeking to support growth and Taiwan and Singapore looking to contain inflation. Omicron continues to spread, with China's zero-tolerance response contrasting with South Korea, Singapore, Thailand and Malaysia.

Latin America

Currencies in the region continued to outperform but the sell-off in global rates impacted some markets. Rate hiking continued but central banks in Chile and Brazil signalled that they are nearing the end of their hiking cycle. Argentina's IMF deal passed in congress and was approved by the IMF board, resulting in the first disbursement of almost US$10 billion.

Central and Eastern Europe

Inflation continues to rise and central banks reacted with further rate hikes. The Polish government announced it will stop importing Russian oil and gas by the end of 2022 and will stop importing Russian coal by May at the latest.

Rest of Europe, Middle East and Africa (EMEA)

Economies with close ties to Russia saw their currencies weaken. The continued strength in oil prices remains supportive for oil-exporting economies in the Gulf region. This is likely to reduce the need for bond issuance this year.

EM corporate debt highlights

The market remained under pressure in March, exacerbated by the effect of Russian bonds leaving the index at a price of zero. Geopolitical developments were the main drivers of spread returns, with the spill-over effect from the Russia/Ukraine war weighing on broader risk appetite. That said, overall market moves were dominated by the underlying rates returns component. Continued liquidity pressure and renewed COVID lockdowns impacted the Chinese real estate sector; it will take time for the positive shift in policy support to be reflected in asset pricing.

Peter Eerdmans

Head of Fixed Income and Co-Head of Emerging Market Sovereign & FX

Market background

March was a volatile month for many of the world's financial markets given a combination of ongoing uncertainty around the war in Ukraine and expectations of tighter monetary policy as central banks tackle rising inflation.

The US Federal Reserve raised interest rates and accompanied the move with decisively hawkish rhetoric. This led to a sell-off in US Treasuries, with a similar theme in other sovereign bond (rate) markets. The US Treasury moves contributed to the EM hard currency bond index (JP Morgan EMBI) ending the month down 0.9% and the corporate index (JP Morgan CEMBI) down 2.5%. In both cases, the more rate-sensitive parts of the market (investment-grade debt) saw the largest moves. The same drivers weighed on the EM local currency bond market, with the main index (JP Morgan GBI-EM) falling by a 1.5%, despite EM currencies strengthening against the US dollar.

Investors reacted positively to talks held in Istanbul between officials from Russia and Ukraine, and the subsequent improvement in sentiment (following the sharp decline in February) resulted in some credit spreads tightening and boosted currencies in Central and Eastern Europe. JP Morgan excluded Russia's bonds from its indices, effective March 31, at a price of zero. Meanwhile Ukraine's bond prices staged a partial recovery but remain at distressed levels.

In China, the rapid spread of the Omicron variant resulted in various restrictions – including lockdowns in Shenzhen and Shanghai. But the theme of policy loosening in response to headwinds to economic growth continued in March. The government laid out the 2022 growth target at "around 5.5%", which was at the high end of market expectations. Then at the special meeting held by China's Financial Stability Committee, authorities spoke of adopting a more consultative, less punitive approach to regulation, while also intervening to support the property market and loosening policy more broadly.

While commodity price strength continued, oil prices came down from their highs towards the end of the month after the US announced it will boost global supplies via a major release from its Strategic Petroleum Reserve.

Currencies across Latin America continued to outperform their global peers. Rate hiking continued but central banks in Chile and Brazil signalled that they are nearing the end of their cycle. Argentina's IMF deal passed in congress and was approved by IMF board, resulting in the first disbursement of almost US$10 billion, allowing the country to repay its bond maturity obligations and add to its reserves.

Elsewhere, South Africa's central bank increased interest rates despite relatively well contained inflation in the country. The country's terms of trade remain at historically high levels thanks to precious metal export revenues.

Top-down views and outlook

As the world continues to adjust to the grim reality of ongoing war in Ukraine, investors face ongoing uncertainty – particularly in relation to further sanctions and risks to European energy supplies.

Despite these challenges, the global economy is showing resilience, with strong momentum continuing.

While it has become increasingly clear that the threat of inflation remains the dominant focus of central banks – with the US Federal Bank now firmly on the rate hiking path – we think that bond market valuations are reflective of this after recent abrupt market moves. That said, inflation remains high and is a key risk facing investors. While our analysis of various projections leads us to expect some relief by the end of the year, the economic impact will be diverse and requires careful navigation. We already see how a surge in commodity prices is widening the gap between commodity exporters and importers, with several emerging markets benefitting significantly.

In aggregate, the fundamentals of emerging markets are sound, as we have communicated in previous outlooks, and valuations – that were attractive already before the war – are a significant support for the asset class. While uncertainties are likely to continue to impact our markets, we remain optimistic on the medium-term outlook for the asset class.

From a top-down positioning perspective, we have been modestly overweight risk across our EM debt strategies. We continue to prefer hard currency debt and EM FX based on strong underlying fundamentals, high spreads and carry, and supportive terms of trade. We also see the US dollar's momentum stalling as the US hiking cycle has started. As for local currency bond markets (local rates), we remain moderately underweight as inflation is elevated across our investment universe.

Top-down positioning at end March 2022

	- -	-	0	+	+ +
Overall risk				■	
Hard currency debt				■	
Local rates		■			
FX				■	

For illustrative purposes only. For further information on the investment process, please see the important information section.

Notes from the road: Sri Lanka

Mark Evans
Analyst
Fixed Income

For the past two years, COVID-related restrictions have prevented physical travel, and while virtual roadshows are invaluable for analysis and engagement purposes, the return of in-person trips and the additional perspectives they bring is a very welcome step. First to get back on a plane was our Asia specialist, Mark Evans, who headed to Colombo last week.

A key question on Mark's mind was whether recent – albeit very belated – policy moves heralded a shift in the right direction for the country. Instead, the trip confirmed fears and concerns shaped by several years of economic decline. Here, Mark explains how Sri Lanka's current economic crisis came about, what he learned on the trip, and what he's watching for when assessing the investment case for Sri Lankan debt.

An economic crisis in the making

It has been our view for some time that Sri Lanka's macroeconomic policy is far too loose and not sustainable, weighing on the governance rating in our ESG framework to give the country a low overall score. The promise of "Vistas of Prosperity & Splendour" – which helped the current government claim victory in the 2019 election – featured generous tax cuts, which the country simply could not afford, even before the COVID-19 pandemic hit. Fast forward two years, with today's reality of high inflation and soaring commodity prices, and the situation has come to a head.

As the price of oil rose above US$130 a barrel last month, the oil-importing economy's bond price fell to distressed levels. Then came tentative positive signs as the Sri Lankan authorities approached the IMF and the central bank ended its currency peg, allowing the rupee to depreciate; the bond market reacted positively, with bond prices staging a recovery.

However, the FX policy shift failed in its execution: the central bank had no reserves to defend the currency and was unwilling to hike rates given the resultant impact on debt servicing costs ('fiscal dominance') for the highly indebted economy. The resultant currency weakness and shortage of US dollars has seen inflation soaring and made imports unaffordable – cutting off supplies of medicine, gas and food, and sparking recent protests.

We have included some charts on our website to illustrate how Sri Lanka's economic crisis has unfolded.

A lack of urgency

In various meetings with Sri Lanka's policymakers during Mark's trip, it became clear that the current economic woes are viewed more as temporary issues that will disappear once remittances begin to flow back into the country and tourism returns to pre-COVID levels. The reality – as noted by the IMF –

is that this is a structural wound needing immediate and serious attention. With debt/GDP now likely closing in on 150% post the currency 'float', interest/revenue likely to reach around 100% and usable gross FX reserves dwindling, time is of the essence.

In short, any hopes of a positive shift in policymaking direction for the country proved unfounded. A combination of a failure to grasp the gravity of the situation and an unwillingness to fix the cause of the problem via fiscal austerity measures, or seriously tackle the resultant issue of debt sustainability through a restructuring (which would be the country's first) were all in evidence, despite the worsening humanitarian crisis.

What next?

There are now myriad potential scenarios for investors to analyse when assessing the investment case for Sri Lankan debt. There are undoubtedly more questions than answers at this stage, but these are the key points investors will be watching over the coming days and weeks:

1. Since Mark returned from Colombo, the entire cabinet and the central bank governor have resigned, leaving only the prime minister and president in their original posts. One thing seems clear at this stage: civil unrest is unlikely to be resolved until there is complete regime change.

2. It will also be important to see who becomes the governor of the central bank following Governor Cabraal's resignation, along with the central bank policy response at its next meeting. Cabraal was a key architect of the macroeconomic framework implemented over the last couple of years and had been dismissive about potentially going to the IMF. A more orthodox central bank governor will be a critically positive development.

3. Having approached the IMF for assistance in March and given a significant deterioration in circumstances since then, the upcoming meeting with the IMF scheduled for early April will be closely followed to see what progress has been made towards a potential program.

There are a number of other considerations for investors to analyse, particularly in the context of a debt restructuring, but for now we believe the issues above are the most pressing.

A country with significant potential

A debt restructuring that works for the country and investors is entirely feasible with plenty of low-hanging fruit to be picked, if the political willingness is there. However, the path to that is uncertain and unlikely to be quick.

Longer term, underpinned by solid institutional foundations such as an independent judiciary, a young and well-educated population with budding entrepreneurial spirit, Sri Lanka has significant potential once the macroeconomic foundations of the economy are properly dealt with.

Regional highlights

Africa

In Angola, the World Bank approved a US$560 million Development Policy Operation, which should further bolster the country's external position. The government is also considering additional Eurobond issuance, which we expect to come through in April.

Egypt is among the countries to be most severely impacted by war in Ukraine, given its reliance on wheat imports. The government has tried to reduce the impact by securing additional wheat contracts, prioritising domestic production for domestic use, and increasing subsidies. The central bank reacted to external pressure by letting the currency adjust 10% higher, hiking rates by 100bps and announcing it intends to move onto a new IMF program. Almost US$15 billion of commitments from various Gulf Cooperation Council partners should also provide some breathing space.

Growth data showed a strong rebound in Ivory Coast for 2021; at 7.4% it was above the 6.5% initially expected. This also helped the fiscal deficit outperform, at 5% of GDP vs. 5.6% expected. There were some moves on the political side as President Ouattara looks to reform the Independent Electoral Commission following dialogue with opposition parties – this will see the inclusion of more opposition candidates.

Following a cabinet retreat, the government of Ghana tried to change negative economic narrative regarding the fiscal reform program by announcing it intends to cut an additional 10% in spending (on top of the 20% already announced), while also finally passing the e-levy bill. It is also looking at securing a US$2 billion syndicated loan, which would further support dollar liquidity if successful. The central bank raised rates by 250bps and announced a new window for intervention to reduce pressure from higher oil prices on the currency.

In Tunisia, the IMF concluded initial program talks with the government and stated that progress has been made; we expect talks to accelerate at the spring meetings. The political stand-off has continued as President Saied dissolved parliament. This was not a huge surprise as parliament attempted to meet even though it was suspended. More surprising was the main union (UGTT) coming out in support of the president's actions, suggesting that he now has support for creating a new political project. Separately, the EU and World Bank both disbursed more than US$400 million in support of the government's budget.

Asia

The picture across Asia is one of increasing divergence on various fronts. Commodity price strength continues to benefit Malaysia and Indonesia, while posing challenges to other regional economies' growth, current account balances and inflation to varying degrees. Related to this are differences in monetary policy: while in India, a focus on the growth rather than inflation impact of the higher oil price saw the central bank keep rates on hold (with similar trends seen in Thailand and Indonesia), Taiwan's central bank hiked rates for the first time in 11 years and the Monetary Authority of Singapore is expected to tighten policy next month. Turning to COVID-19, with Omicron infection rates rising across the region, authorities' responses to this are increasingly varied. China continues to pursue a zero-tolerance approach to the virus; in contrast, South Korea, Singapore, Thailand and Malaysia are re-opening their economies and easing many of their policies. The impact of the US Treasury market sell-off was more uniform in nature, weighing on the region's investment-grade markets.

China's broad macro policy has shifted in recent months, with the focus on stabilising growth. This policy shift was evidenced further at the annual National Party Congress in early March, where the government laid out the 2022 growth target at "around 5.5%", which was at the high end of market expectations. Fiscal policy will drive this, but monetary policy will also play a role, with the People's Bank of China looking to keep its policy flexible and responsive to changes in the economy, in order to maintain stable aggregate credit growth and provide structural support for small and medium-sized enterprises (SMEs), decarbonisation efforts and innovation sectors. While credit data was weak, industrial production, retail sales and property data pointed to positive momentum before the rise in Omicron rates later in the month provided a counterbalance.

With the economy only just reopening, the central bank in the Philippines (BSP) kept policy rates unchanged in March. In view of higher commodity prices, the BSP raised substantially its 2022 inflation forecast to an average of 4.3% (from 3.7%), above its 2-4% target band. The current account deficit continues to widen as import volumes and prices are increasing by more than exports.

Data from South Korea pointed to positive momentum in industrial production. The country's presidential election resulted in a win for the opposition candidate, Yoon Suk-yeol. While in the short term, Yoon is planning a supplementary budget, he is generally more fiscally prudent than his predecessor, so the longer-term outlook is positive.

The worsening economic crisis in Sri Lanka culminated in protests during the month, led by the political opposition. A shortage of US dollars in the country is cutting off imports of medicine, gas and food - a humanitarian crisis is looming. The country's authorities have approached the IMF for assistance, but talks are in the early stages. Sri Lanka has ended its currency peg as it has no way of stabilising the exchange rate (lacking FX reserves and unable to afford higher debt servicing costs that rate rises would entail) - currency weakness is creating massive inflation and making imports unaffordable.

Political tensions rose in Pakistan with it appearing increasingly likely that Prime Minister Imran Khan will lose a vote of confidence. This is creating concern in the market around the potential negative implications for the country's current IMF deal.

Latin America

Currencies across the region continued to outperform their global peers. Rate hiking continued but central banks in Chile and Brazil signalled that they are nearing the end of their hiking cycle.

While the ongoing rise in inflation in Brazil – expected to be 6.5% this year and revised up from 3.5% to 3.7% for 2023 – prompted a further 100bps hike to take rates to 11.75%, the country's central bank has signalled that a further 100bps hike at its next meeting could be the last in the current hiking cycle. The bond market responded positively to this. GDP data for the fourth quarter of 2021 beat expectations. The government has announced additional economic support measures, such as tax cuts on industrial goods and tax freezes on fuel, and is discussing a bigger package of support. Meanwhile, the new CEO of Petrobras faces backlash against the state-owned utility's recent price hike.

A 150bps rate hike at month end took rates in Chile to 7% and was accompanied by a dovish statement, with the central bank signalling that future hikes will be smaller in magnitude. Recently elected President Boric took office during the month and his new minister of finance presented plans for reforms, including a tax reform in June, with pension reforms later in year. While the lower house voted to start a debate on the country's fifth pension fund withdrawal, we think this is unlikely to be enacted, and fiscal stimulus measures to the tune of US$3.5 billion, including a minimum wage hike to support SMEs, is likely to reduce the pressure for such a bill to pass.

Rather unusually given recent experience and the global backdrop, inflation data in Mexico came in slightly lower than expected. The central bank still went ahead with the widely expected 50bps hike, taking rates to 6.5%. However, the fact that all members of the MPC voted in favour of this hike indicated a slightly hawkish shift. Inflation forecasts for this year have been revised upwards. In Congress, the opposition party agreed to start a debate on AMLO's electricity bill (which would put more power in the hands of state-owned utilities); while it might still be feasible to pass this market-unfriendly legislation later this year, we expect it to be a watered-down version.

Left-wing candidate Senator Gustavo Petro came out on top in Colombia's primary election, in line with expectations. But centre-right candidate Federico 'Fico' Gutierrez performed a lot stronger than expected and has now become the main contender against Petro. In the election for Congress, Petro's left-wing party won more seats than expected but not enough to get a majority – leaving the legislature still split, with the centre right retaining a blocking share. Petro appointed a vice-presidential candidate who is perceived to be quite radical; in contrast, Fico's VP appointment has good links with the country's liberal party, suggesting that a Fico victory would herald a centrist administration.

Peru's central bank hiked rates by 50bps as expected to 4% and inflation printed in-line with expectations. However, continual political noise dominated newsflow, with more resignations adding

to the impeachment case against Castillo. While corruption cases against Castillo continue to mount, the impeachment process failed. Separately, S&P downgraded to BBB- from BBB+.

Argentina's IMF deal passed in congress and was approved by the IMF board, resulting in the first disbursement of almost US$10 billion, allowing the country to repay its bond maturity obligations and add to its reserves. Under the IMF deal, Argentina needs to meet various fiscal targets by reducing utility bill subsidies, which will not be an easy journey.

The rejection of the Ecuadorian government's investment bill by the country's assembly suggests a more challenging backdrop for the incumbent administration's governability, as opposition to President Lasso is growing. However, at month end the minister of interior resigned in protest against Lasso's refusal to call early elections.

Central and Eastern Europe

In Hungary, wage growth accelerated sharply in January on the back of tight labour market conditions and a 20% increase in the minimum wage at the beginning of the year. The National Bank of Hungary slowed the pace of tightening by raising the one-week deposit rate by 30bps to 6.15%, as the forint recovered some of its post-war losses.

In the Czech Republic, the manufacturing PMI report for March was weak with current output and new orders in contraction territory, while cost burdens continued to mount with the rate of input price inflation accelerating to a near-record high. The Czech National Bank raised its policy rate by 50bps to 5%, as expected, and said that it intends to continue tightening monetary conditions as it sees inflation risks as significant.

In Poland, inflation continues to surprise to the upside, causing inflation expectations to reach the highest level since April 2020. In the meantime, the Polish government announced it will stop importing Russian oil and gas by the end of 2022 and will stop importing Russian coal by May at the latest.

Rest of Europe, Middle East and Africa (EMEA)

The ongoing strength in commodity prices continues to drive divergence between oil-exporting economies and energy importers. The sell-off in the US Treasury market was another key driver over the month, weighing heavily on investment-grade rated bond markets. Meanwhile, economies with close ties to Russia saw their currencies weaken.

The war in Ukraine is continuing, albeit with Russia appearing to be paring back its ambitions and with tentative peace negotiations under way at the time of writing. Russian bonds have been removed from the main JP Morgan benchmarks. Ruble-denominated coupons are now stuck in depositories, but Russia remains current at time of writing on external debt payments. The ruble is benefiting from Russia's higher oil revenues, with capital controls limiting the ability of locals to sell the currency.

Ukraine's central bank has maintained its pegged currency rate and said it will continue to do so until the conflict with Russia is resolved. The country's authorities continue to indicate that they will stay current on their external debt.

Turkey is exposed to the fallout from the Russia-Ukraine war, given higher energy prices and an expected large drop of tourists from the region. This will weigh on the country's current account balance. Despite inflation being above 50%, the central bank has kept rates on hold, and the Turkish authorities continue to look to unorthodox ways to support the currency, extending the FX-linked deposit scheme.

While inflation remains relatively well contained, South Africa's central bank continued to raise interest rates, upgraded its inflation outlook and sounded less concerned on the growth backdrop, where indicators have been more positive of late. While the Ukraine shock pushed up oil prices – a key import – it has also pushed up precious metal prices, leaving the terms of trade at still elevated levels relative to history.

Turning to the Middle East, calls from the US for OPEC to accelerate oil production have so far not been met; the continued strength in oil prices remains a significant support for oil-exporting economies in the Gulf region. This is likely to reduce the need for bond issuance this year.

EM corporate debt highlights

Returns in the EM corporate debt market remained under pressure in March, exacerbated by the effects of Russian bonds leaving the index at a price of zero, despite accounting for around 1.2% of index NAV on the day prior to quarter end. Geopolitical developments were the main drivers of spread returns, with the spill-over effect from the Russia/Ukraine war and the resultant impact on inflation dynamics, commodity prices, food inflation etc. weighing on broader risk appetite. That said, overall market moves were dominated by the underlying rates returns component, although to a less extent than developed market indices given the overall shorter duration profile of the EM market. In addition, continued liquidity pressure in Chinese real estate, together with renewed COVID lockdowns, impacted the sector and weighed on overall market returns. This was despite a meaningful positive shift in policy support from China's authorities, which will take more time to be reflected in asset pricing.

Other than non-specified information referred to above, data in this report is sourced from Bloomberg, as at April 2022.

General risks: The value of investments, and any income generated from them, can fall as well as rise. Where charges are taken from capital, this may constrain future growth. Past performance is not a reliable indicator of future results. If any currency differs from the investor's home currency, returns may increase or decrease as a result of currency fluctuations. Investment objectives and performance targets are subject to change and may not necessarily be achieved, losses may be made. Environmental, social or governance related risk events or factors, if they occur, could cause a negative impact on the value of investments.

Specific risks: Emerging market (inc. China): These markets carry a higher risk of financial loss than more developed markets as they may have less developed legal, political, economic or other systems.

Australia

Level 28 Suite 3
Chifley Tower
2 Chifley Square
Sydney, NSW 2000
Telephone: +61 2 9160 8400
australia@ninetyone.com

Botswana

Plot 64511, Unit 5
Fairgrounds, Gaborone
Telephone: +267 318 0112
botswanaclientservice@ninetyone.com

Channel Islands

PO Box 250, St Peter Port
Guernsey, GY1 3QH
Telephone: +44 (0)1481 710 404
enquiries@ninetyone.com

Germany

Bockenheimer Landstraße 23
60325 Frankfurt am Main
Telephone: +49 (0)69 7158 5900
deutschland@ninetyone.com

Hong Kong

Suites 1201 – 1206, 12/F,
One Pacific Place
88 Queensway, Admiralty
Telephone: +852 2861 6888
hongkong@ninetyone.com

Italy

Palazzo Toschi Corneliani
Corso Venezia 44
20121, Milan
Telephone: +39 02 3658 1590
enquiries@ninetyone.com

Luxembourg

2-4, Avenue Marie-Thérèse
L-2132 Luxembourg
Telephone: +352 28 12 77 20
enquiries@ninetyone.com

Namibia

First Floor, 6 Thorer Street
Windhoek
Telephone: +264 (61) 389 500
namibia@ninetyone.com

Singapore

138 Market Street
CapitaGreen #27-02
Singapore 048946
Telephone: +65 6653 5550
singapore@ninetyone.com

South Africa

36 Hans Strijdom Avenue
Foreshore
Cape Town, 8001
Telephone: +27 (0)21 901 1000
enquiries@ninetyone.com

Sweden

Grev Turegatan 3,
114 46, Stockholm
Telephone: +46 850 243 820
enquiries@ninetyone.com

Switzerland

Dufourstrasse 49
8008 Zürich
Telephone: +41 44 262 00 44
enquiries@ninetyone.com

United Kingdom

55 Gresham Street
London, EC2V 7EL
Telephone: +44 (0)20 3938 1900
enquiries@ninetyone.com

United States

65 E 55th St, 30th Floor
New York, 10022
US Toll Free: +1 800 434 5623
usa@ninetyone.com

Telephone calls may be recorded for training, monitoring and regulatory purposes and to confirm investors' instructions.
Please note that this communication is not necessarily approved for distribution in all of the above jurisdictions.
For more details please visit www.ninetyone.com/contactus

Important information

The content of this communication is intended for readers with existing knowledge of financial markets.

This communication is provided for general information only. Nothing herein should be construed as an offer to enter into any contract, investment advice, a recommendation of any kind, a solicitation of clients, or an offer to invest in any particular strategy, security, derivative or investment product. The information may discuss general market activity or industry trends and is not intended to be relied upon as a forecast, research or investment advice. The economic and market views presented herein reflect Ninety One's judgment as at the date shown and are subject to change without notice. Views and opinions presented herein will be affected by changes in interest rates, general market conditions and other political, social and economic developments. There is no guarantee that views and opinions expressed will be correct and may not reflect those of Ninety One as a whole, different views may be expressed based on different investment objectives. Although we believe any information obtained from external sources to be reliable, we have not independently verified it, and we cannot guarantee its accuracy or completeness. Ninety One's internal data may not be audited. Ninety One does not provide legal or tax advice. Reliance upon information in this material is at the sole discretion of the reader. Investors should consult their own legal, tax and financial advisor prior to any investments. Past performance should not be taken as a guide to the future. Investment involves risks; losses may be made.

Except as otherwise authorised, this information may not be shown, copied, transmitted, or otherwise given to any third party without Ninety One's prior written consent. © 2022 Ninety One. All rights reserved. Issued by Ninety One, April 2022. In South Africa, Ninety One SA Proprietary is an authorised financial services provider.

Investment Process

Any description or information regarding investment process or strategies is provided for illustrative purposes only, may not be fully indicative of any present or future investments and may be changed at the discretion of the manager without notice. References to specific investments, strategies or investment vehicles are for illustrative purposes only and should not be relied upon as a recommendation to purchase or sell such investments or to engage in any particular Fund. Portfolio data is expected to change and there is no assurance that the actual portfolio will remain as described herein. There is no assurance that the investments presented will be available in the future at the levels presented, with the same characteristics or be available at all. Past performance is no guarantee of future results and has no bearing upon the ability of Manager to construct the illustrative portfolio and implement its investment strategy or investment objective.

Indices

Indices are shown for illustrative purposes only, are unmanaged and do not take into account market conditions or the costs associated with investing. Further, the manager's strategy may deploy investment techniques and instruments not used to generate Index performance. For this reason, the performance of the manager and the Indices are not directly comparable.

If applicable MSCI data is sourced from MSCI Inc. MSCI makes no express or implied warranties or representations and shall have no liability whatsoever with respect to any MSCI data contained herein. The MSCI data may not be further redistributed or used as a basis for other indices or any securities or financial products. This report is not approved, endorsed, reviewed or produced by MSCI. None of the MSCI data is intended to constitute investment advice or a recommendation to make (or refrain from making) any kind of investment decision and may not be relied on as such.

If applicable FTSE data is sourced from FTSE International Limited ('FTSE') © FTSE 2022. Please note a disclaimer applies to FTSE data and can be found at www.ftse.com/products/downloads/FTSE_Wholly_Owned_Non-Partner.pdf